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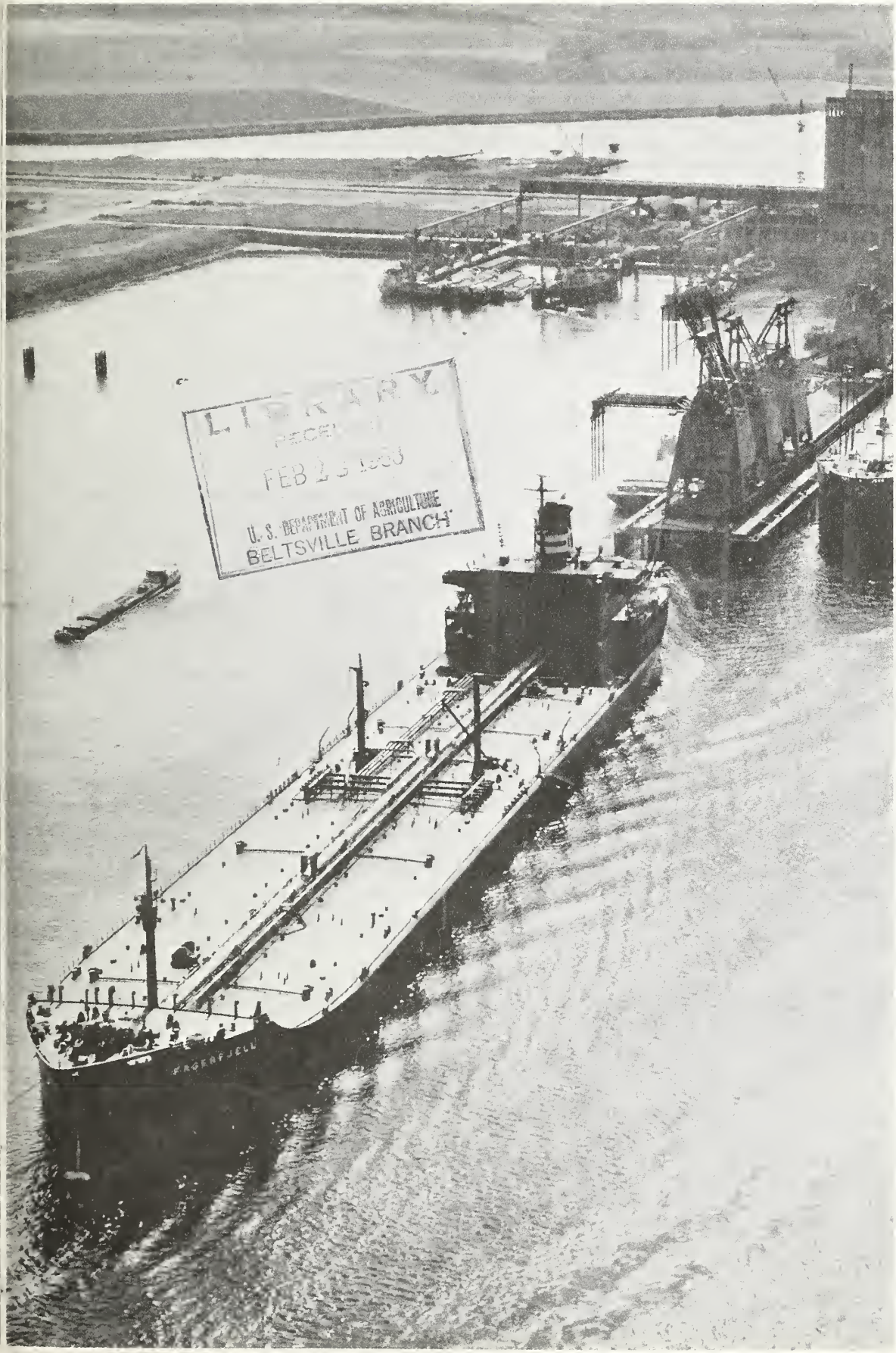

February 26, 1968

DEVALUATION AND U.S. FARM EXPORTS

GRAIN TO THE RHINE VALLEY

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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In this issue:

Cover:

A 50,000-ton tanker filled with foreign grain pulls into modern unloading facilities at Botlek, near Rotterdam. Story beginning page 8 describes grain traffic in the Rhine Valley.

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DEVALUATION Abroad and Our FARM EXPORTS

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With the devaluation of the British pound on November 18, 1967, and the subsequent devaluation in several other trading nations, the United States was faced with a number of problems—foremost among them the prospect of a weakened competitive position for our products in the nations that devalued. For agricultural products, sales of which go a long way toward keeping our trade balance favorable, the question was, Would this lower demand actually materialize, and if so, how much of an impact would it have on trade?

Thus far, it is too early to tell just how U.S. farm trade will be affected. Changes as far-reaching as the series of devaluations last November can have many possible repercussions; and demand for U.S products in the devaluing nations will now be governed by the need for the commodities involved, prices consumers must pay for these products, the state of the importing countries' economies, and many other variables. For U.S. farm products, however, there are two factors that could help to soften the blow from devaluation; they are, simply, that food is an essential part of life and that possibilities are limited for substituting other commodities for those produced by the American farmers.

Currencies devalued in over 16 countries, accounting for 15 percent of Free World trade.

Posing the big question to U.S. trade are the United Kingdom, 16 other independent countries (including Spain, Denmark, and Israel), and a number of territories and dependencies. These areas all devalued their currencies in November of last year and now, with some exceptions, must pay more for commodities they import. All told, they account for about 15 percent of Free World trade, and living within their boundaries are 130 million people, or about 6 percent of the Free World population.

For U.S. products alone, these countries made up a $1-billion market in 1966, including about 14.4 percent of U.S. farm-product exports and 10.6 percent of nonagricultural exports.

The largest single U.S. agricultural export to them in 1966 was corn, shipments of which totaled $213 million. This amounted to one-fourth of U.S. commercial exports of corn and one-fifth of total farm-product exports to devaluing nations. Half of the corn exported to devaluing countries went to the United King-

dom, and another 40 percent, to Spain. Ireland also imported significant quantities, as did Israel; but approximately $8 million of that shipped to Israel was sold for local currency under Public Law 480.

Second most important export to devaluing nations was tobacco. In 1966, these nations took $180 million of U.S. tobacco, with the United Kingdom alone receiving $136 million, or 76 percent of the total. Exports to the United Kingdom accounted for 35 percent of all commercial exports of tobacco and made up the largest shipment of a single commodity to an individual devaluing nation. Denmark and Ireland each imported more than $13 million of U.S. tobacco, while imports by other devaluing nations were insignificant. In total, these nations took 46 percent of U.S. commercial tobacco exports, which means the United States is heavily dependent upon them in the international market.

Wheat and wheat flour make up the next most important export to the devaluing nations, but only $80 million—or 12 percent—of all commercial exports went to them in 1966 (and only 11 percent if an adjustment is made for the nearly $7 million exported to Israel under Title I of P.L. 480). Of the $80 million, nearly $51 million—63 percent—moved to the United Kingdom.

For all grains, except rice, the United States exported $335 million to the devaluing nations, which represents 18 percent of our commercially exported grains. As might be expected, the United Kingdom was the chief importer, accounting for nearly half the total. For grain sorghum, Israel was our major export market, taking nearly $17 million in 1966, but $12 million of this was not on a commercial basis.

Fruit exports totaled nearly $46 million, approximately 4.6 percent of the commodities shipped to devaluing countries. The United Kingdom—again the largest market of the group—took a significant quantity of apples and fruit cocktail, and Hong Kong was the destination for most of our orange exports. The value of such exports is not large compared with that for corn, tobacco, and other commodities; but in the case of apples and fruit cocktail the devaluing nations do buy a significant proportion of total U.S. fruit exports, 35 percent of the apples, and 26 percent of the fruit cocktail.

While meat looms large in most Americans' expenditures for groceries, it is not one of our major exports. Only $38.5 million was shipped to the devaluing nations in 1966—less than 4 percent of all commodities. But as with tobacco, apples, and fruit cocktail, the devaluing nations were an important external market for the meat that we do export, taking nearly a fourth of U.S. meat entering world trade.

Several minor exports (mohair, lard, and beans) are also very dependent on demand in the devaluing nations. Just over 70 percent of U.S. mohair exports goes to these nations. The corresponding figure for lard is 60 percent, and for beans, 40 percent. Far the largest market for these commodities is the United Kingdom.

The United Kingdom also takes a significant amount of cotton, as does Hong Kong; but the United States does not depend so greatly on the devaluing nations as markets for this product. Less than 11 percent of our cotton export goes to them.

If we assume that the world market price in dollars does not decline, these commodities will now be more expensive to consumers in the devaluing nations. The increased prices might reduce imports from the United States in four different ways:

First, with higher prices there may be an absolute decline in the quantity consumed by the 130 million people covered by devaluation.

Second, production in a particular devaluing nation may be stimulated by the higher price of imports, thus reducing imports.

Third, the devaluing nations may shift from imports originating in nondevaluing nations to imports from each other, since in general the price of such imports did not change. This assumes, of course, that the percent of devaluation was the same. However, if one of these countries imports from another that devalued by a greater extent, then prices will actually become cheaper. For example, the United Kingdom devalued by 14.3 percent and New Zealand by 19.5 percent; thus, as a result of the two devaluations, the price of New Zealand commodities imported by the United Kingdom would be 6.7 percent cheaper than before last November. Conversely, there has been an increase in prices of U.K. imports from Denmark, since it devalued by only 7.9 percent. Nevertheless, the increase in prices of commodities coming from Denmark is not as great as that in prices of exports from nations that did not devalue, such as the United States, Canada, and Australia.

Fourth, the devaluing nations may, if possible, find substitutes for the higher priced imports. The substitute made by a particular country may be a commodity produced either within its own boundaries or in some other devaluing nation.

Farm product imports may also be affected by other factors, such as the continuing need for food

No doubt the overall adjustment to devaluation by each economy will be some combination of two or more of these alternatives. Moreover, it does not necessarily follow that these are the only adjustments possible.

First of all, either the importer, the wholesaler, or the retailer, or all three, might reduce their profit margins so that food prices to the ultimate consumer would not increase. It does not appear very likely, however, that these distributors would accept a smaller margin of profit.

Next, since food is the most essential item of life, reductions in consumer expenditures are most likely to be made in any number of other products first. For luxury items, this argument generally does not follow, except in the case of tobacco. While tobacco is a luxury item, the effects of devaluation are not expected to be very great. As noted already, most of the U.S. tobacco went to the United Kingdom, which for a number of years has had a very high tax on tobacco. Thus, the cost of raw tobacco is a very small proportion of the cost of cigarettes to the ultimate consumer.

Furthermore, the effects of devaluation are mixed with regard to a commodity that is imported, processed, and subsequently exported. Since devaluation has the effect of lowering prices of exports, the quantity demanded in the world market for a particular export might increase. This being so, more imports of the raw material would be necessary.

On the other hand, the cost of the raw materials in terms of local currency will be higher; if this cost is a large proportion of the overall cost, the processor will be under pressure to increase his selling price in terms of local currency. Therefore, there may be little or no decline on balance in the dollar price of these commodities in the world marketplace and little change in the quantity consumed. It follows from this that there would be little change in imports of the raw material.

VALUE OF U.S. TRADE WITH DEVALUING AND ALL NATIONS, BY TYPE OF COMMODITY AND BY DIRECTION OF TRADE, 1966

Trade	Devaluing nations	All nations	Column 1 as a percent of column 2
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Percent*
All commodities:			
Exports [1]	3,296	28,644	11.5
Imports	3,321	25,359	13.1
Balance	− 25	+3,285	--
Nonagricultural:			
Exports [1]	2,305	21,765	10.6
Imports	2,852	20,867	13.6
Balance	− 547	+ 898	--
Agricultural:			
Exports [1]	992	6,879	14.4
Imports	469	4,492	10.4
Balance	+523	+2,387	--

[1]Exports exclude $1.3 billion of Special Category commodities, for security reasons not available by country of destination.

Based on these considerations, U.S. feedgrain exports to Denmark and cotton exports to Hong Kong are under less pressure than implied at first glance.

Since devaluation does increase the cost of all imports equally, some nations have removed tariffs and other import charges on certain strategic products for which they do not want imports to decrease. Agricultural products are likely to fall into this classification, and Denmark and Spain have already reduced such charges on feedgrains.

In most countries concerned, opportunities are limited for replacing U.S. commodities with ones imported from other devaluing nations. Corn, tobacco, and soybeans seem relatively safe from the substitution effect, although the United Kingdom might increase wheat production and substitute this for corn as a feedgrain. Fruit exports could face stiffer competition from Spanish and Israeli production, depending upon the type of fruit involved. The same is true for meat, with Denmark and Ireland furnishing the competition. Also, domestically produced manmade fibers in the United Kingdom might become a substitute for cotton imports.

A number of the independent countries, territories, and de-

VALUE OF U.S. AGRICULTURAL EXPORTS IN 1966 TO NATIONS THAT DEVALUED THEIR CURRENCY IN NOVEMBER 1967

Commodity	United Kingdom	Spain	Denmark	Israel	Hong Kong	Ireland	Jamaica	Trinidad-Tobago	Others	Total
	Mil. U. S. dol.	*Mil. U. S. dol.*	*Mil. U. S. dol.*	*Mil. U. S. dol.*	*Mil. U. S. dol.*	*Mil. U. S. dol.*	*Mil. U. S. dol.*	*Mil. U. S. dol.*	*Mil. U. S. dol.*	*Mil. U. S. dol.*
Grains:										
Wheat and wheat flour	50.6	0.4	--	13.5	1.4	2.9	1.4	2.8	6.7	79.7
Corn	105.6	85.0	.6	10.9	.2	6.1	2.0	1.6	.7	212.7
Sorghum	6.3	3.2	--	16.6	--	2.9	.3	--	--	29.3
Barley	--	--	6.2	.9	--	--	--	--	.1	7.3
Other	1.1	--	.2	--	.3	.2	3.4	.3	.1	5.6
Total grains	163.6	88.6	7.0	41.9	1.9	12.1	7.1	4.7	7.6	334.5
Rice	7.0	--	.4	2.5	--	--	3.3	--	2.8	16.0
Tobacco	136.2	3.6	14.7	.6	3.3	13.3	1.0	.7	6.0	179.4
Soybeans	14.6	61.2	38.7	31.1	--	--	--	--	--	145.6
Fruit:										
Apples	6.7	--	.2	--	.6	.6	--	--	.3	8.4
Oranges	.5	--	--	--	5.3	--	--	--	.3	6.1
Fruit cocktail	5.7	--	.2	--	.1	.3	--	--	--	6.3
Other	11.4	1.0	5.7	.1	2.7	1.6	.5	.3	1.7	25.0
Total fruit	24.3	1.0	6.1	.1	8.7	2.5	.5	.3	2.3	45.8
Meat:										
Beef and veal	6.8	--	--	1.5	--	--	.8	.1	1.1	10.3
Variety meats	8.2	.1	--	--	.2	--	--	.3	--	8.8
Other	4.5	.7	.2	1.2	4.2	--	2.0	1.1	4.8	16.7
Total meat	19.5	.8	.2	2.7	4.4	--	2.8	1.5	6.6	38.5
Cotton, linters	17.8	1.1	.9	.4	14.3	.6	.6	.3	.1	36.1
Oilcake and meal	10.1	7.9	12.8	--	--	1.2	.2	.4	--	32.6
Vegetables	21.1	2.4	1.0	.3	1.7	.4	1.2	.5	2.4	31.0
(Beans)	(9.9)	(1.9)	(--)	(.2)	(--)	(--)	(.3)	(--)	(.1)	(12.4)
Tallow	5.0	9.8	--	--	--	--	.7	--	--	15.5
Lard	11.6	--	--	--	--	--	--	--	.4	12.0
Cattle hides	3.3	3.4	.2	.7	--	--	--	--	--	7.6
Mohair	5.3	.2	--	--	--	--	--	--	--	5.5
Nuts	4.0	.1	.1	.3	.2	--	--	--	.4	5.1
All others	27.6	9.9	3.4	4.6	10.1	2.4	3.7	2.7	21.3	85.7
Grand total	471.0	190.0	85.5	85.2	44.6	31.3	22.3	11.2	49.9	991.0

pendencies that devalued are islands in the West Indies. Much of the food imported by these islands is purchased by hotels and restaurants that cater to tourists, mostly Americans. There is no reason to believe that travel by Americans in the Western Hemisphere will decline in the foreseeable future, and this will indirectly support the level of U.S. agricultural exports to the islands.

For simplicity, it has been assumed so far that the world market price of commodities would not decline after devaluation. To the extent that world market prices do decline, the increased prices faced by importers in the devaluing nations due to devaluation are offset.

Another important assumption is that the effects of devaluation will not be nullified by the respective governments' following inflationary policies. The immediate objective of devaluation, though not the long-run objective, is to decrease imports and increase exports. Devaluation of a nation's currency accomplishes this by raising the prices of imports and lowering the prices of exports. If wages and prices are permitted to spiral through a lack of fiscal and monetary restraint, the beneficial effects of devaluation are lost. Even though the prices of imports are made higher by devaluation, there may be no decrease in imports if wages and salaries are also higher.

Conversely, if there is general inflation, then prices of commodities produced internally but destined for the world market in all probability will increase. Therefore, the lowering of the prices in the world market brought about by devaluation will be partially, entirely, or more than offset by domestic inflation.

For example, if an individual British product sold for 2 pounds sterling, the cost to an American in the world market before devaluation would have been $5.60; after devaluation, it would be $4.80. If, however, the price of this product within the United Kingdom was to increase by, say, 5 percent to 2 pounds and 2 shillings, the price to an American would become $5.04. If the price increased by 16.7 percent to 2 pounds, 6 shillings, and 8 pence, the price to an American would be no different from that before devaluation, $5.60. Any increase beyond this point would mean the American was paying more than he had been before November 1967.

Such a turn of events would frustrate a country's attempt to correct its balance of payments problem. It would deny the country the time and flexibility needed to correct basic inefficiencies and to bring about a proper reallocation of resources. In this situation, another devaluation might become necessary. But another round of devaluation probably would be more widespread and have an even greater destabilizing impact upon the present monetary arrangement, which has been very carefully constructed. If the impact were serious enough, it would have a dampening effect upon world trade, since prices established by importers and exporters would have little meaning in an atmosphere of constantly changing exchange rates.

There are means whereby the risk involved in greatly fluctuating exchange rates could be assumed by speculators. However, this would add to the cost of doing business, and if the situation became too unstable, not even speculators would be willing to assume the risk.

In such a situation, exporters in all nations would hesitate to enter the international market; world trade would slow down considerably; and the advantages of specialization on a worldwide basis, permitted by foreign trade, would be largely lost. This adjustment to devaluation is obviously not in the long-run interest of the American farmer or any other segment of the world economy.

For the time being, it can be seen that some adjustments to the devaluations will be necessary, while others will have to be avoided. It appears, on balance, that although the devaluations will put some pressure on U.S. agricultural exports, the pressure should not be overburdening.

Japan Expected To Increase Its Imports of U.S. Soybeans

U.S. soybean exports to Japan may well increase in calendar 1968, according to latest estimates.

Based on recent trends in the demand and supply situation, Japan's total soybean imports in calendar 1968 are preliminarily forecast at 2,250,000 metric tons (82.7 mil. bu.). This would be 4 percent, or 80,000 tons (2.9 mil. bu.), above imports in 1967 and would come as a result of a further decline in domestic and an increase in crushings and human consumption.

All of the increase is expected to be in soybean imports from the United States, which are forecast to rise 10 percent to 1.95 million tons (71.6 mil. bu.)

Imports from Mainland China, the other supplier, are forecast at 200,000 to 390,000 metric tons (7.3 mil. to 14.3 mil. bu.). At the last Canton Fair, from November 15 to December 15, 1967, pro-Peking firms (Japan's so-called Friendly Firms) reportedly purchased about 70,000 tons (2.6 mil. bu.). Additional purchases are expected at the next Canton Fair, April-May 1968. Purchases under the Liao-Takasaki (L-T) Agreement, however, have been discontinued since the old agreement expired December 31, 1967.

Imports of soybeans in 1967 totaled 2,170,000 tons (79.7 mil. bu.), or about the same as in 1966. The upward trend of soybean imports in recent years was interrupted by: (1) Increased imports of Russian sunflowerseed; (2) a somewhat slackened rate of expansion in the livestock feed industry, which in turn resulted in a reduced demand for oilmeals; and, (3) according to the Japanese trade, less attractive profit margins from soybean crushing than from some other oilseeds.

Crushings of soybeans in 1968 are preliminarily estimated at 1,700,000 tons, about 7.5 percent above the 1967 level. Sunflowerseed crushings may reach a record 120,000 tons compared with 70,000 in 1967. In recent months sunflower meal reportedly has become more attractive to domestic feed manufacturers and, as a result, its price has increased 30 percent since early 1967. Although rapeseed crushing is more profitable than sunflower crushing, imports of rapeseed are not expected to increase significantly this year because the imports are under the Import Quota System.

JAPAN'S SOYBEAN IMPORTS, 1965-67 AND FORECAST 1968

Country of origin	1965	1966	1967[1]	Forecast 1968
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
United States	1,465	1,772	1,771	1,950
China, Mainland	376	393		290
Others	7	3	9	10
Total	1,848	2,168	2,170	2,250

[1] Preliminary.

Official sources for 1965-67; unofficial forecast, 1968.

Apple Market in Europe Expected To Be Tight

U.S. apple exporters can expect increasing difficulties in marketing their wares in Western Europe—a trend that has been apparent for several years. Because of European orchard development after World War II, apple crops have risen steadily. They have been protected from competing with U.S. imports by quotas or prohibitions until local crops are sold. Now, apple production in Europe has reached such volume that, "There can be no doubt that in coming years there will be intense competition for limited outlets on the European apple market and that producers will be faced with serious difficulties." (OECD, Fruit and Vegetable Crop Prospects Bull. 90, Dec. 13, 1967, p. 32.) If European producers cannot sell their output, U.S. imports may be restricted even more.

Exports of U.S. apples to Europe have fluctuated considerably recently. In 1964-65, 2.7 million bushels were sold; in 1965-66, a poor apple year in Europe, 3.8 million; in 1966-67, sales were down to 2.3 million bushels.

In the past U.S. growers have been able to maintain their limited exports in increasingly well supplied European markets for several reasons. First, the U.S. apples sold were of superior quality, which in the past was not true of many European-produced apples. Second, U.S. apples that had excellent keeping qualities were sold in winter and spring in Europe when local apple supplies had been exhausted. In the last few years, though, some European apples have been comparable to U.S. products in quality; and the modernization and expansion of storage facilities are permitting larger sales of European apples during the winter.

The major increases in European apple production have occurred in Italy and France. Italy's crop rose from 107.3 million bushels in 1963-64 to 118.7 million in 1966-67; France produced 45.3 million bushels in 1963-64 and 57.4 million in 1966-67. Although Italy's crop is large, some of the output is of unsatisfactory quality to compete on present and future markets, and many orchards are small and do not follow modern marketing methods. The recent development in France, however, includes large, commercial orchards that have planted dwarf and semi-dwarf trees that are efficient producers, easy to harvest, and bearers of an excellent quality of fruit.

Other countries that have highly efficient orchards, though of smaller size usually, are Belgium and the Netherlands. Belgian production increased from 6.8 million bushels in 1963-64 to 9.9 million in 1966-67; output in the Netherlands climbed from 12.9 million bushels in 1963-64 to 16.5 million in 1966-67. Another factor in addition to overproduction that may give European producers problems in selling their output is too much concentration on certain apple varieties. In particular, the Golden Delicious seems to have been overplanted. In France one-half of the dessert apple crop is now Golden Delicious, and the proportion is nearly as high in Belgium and the Netherlands.

Pakistan Develops Cotton

Pakistan is making a determined effort to expand cotton production, to increase exports of both raw cotton and yarn and textiles, and to maximize the foreign exchange earning potential of its increasing annual cotton crop.

In 1967-68 Pakistan is expected to reach its production target of about 2.3 million bales (480 lb. net) and to export close to 1.0 million bales of raw cotton. In 1966-67 production was 2.1 million bales, and exports of raw cotton were 558,000 bales.

Some major markets for Pakistan raw cotton exports in 1966 were as follows: Hong Kong, 156,000 bales; Mainland China, 140,000 bales; and Japan, 86,000 bales. Exports of cotton yarn and fabrics have increased in recent years and totaled 53,100 metric tons in 1966.

Six measures were recently taken by Pakistan to further cotton production and exports. In Hyderabad, the second highest yielding district in West Pakistan, an additional 55,000 acres were devoted to cotton. A new pest-control program calls for spraying another 20,000 acres. A new long staple variety (M-100) has been developed and approved for cultivation. In August 1967 the Central Cotton Committee was reconstituted to emphasize cotton production and exports. Pursuant to a government directive, the Karachi Cotton Association established an eight-man export promotion council. And, following the devaluation of the British pound in November 1967, Pakistan initiated a subsidy on cotton exports.

—*Based on dispatch from* THEODORE R. FREEMAN, JR.
Assistant U.S. Agricultural Attaché, Rawalpindi

Colombian Livestock Loan

Colombian pesos equivalent to US$10.7 million were recently loaned by the Inter-American Bank to expand Colombia's supply of meat and milk through a livestock development program.

The money will be used by Banco Ganadero de Colombia to continue a credit program launched under the Alliance for Progress in 1964. A parallel loan equivalent to $1.3 million will be given by the Netherlands Government in line with its long-range plan for development projects in Latin America.

The loan supports a three-part program with funds for increased purchases of purebred stock and ranch machinery by cattlemen, a credit system for the nation's 18 Stockbreeding Funds promoting purebred herds for breeding operations, and a livestock health campaign giving the Instituto Zooprofilactico Colombiano $700,000 to fight foot-and-mouth disease, brucellosis, parasitic infections, and other livestock diseases.

The aid objective is to increase Colombia's domestic meat and milk consumption while permitting continued exports of beef cattle to both Latin American and European countries.

Mexico Sets New Farm Goals

A new detailed plan for the control or increased production of crops in 1967-68 has been announced by Mexico. For the first time planning also includes a scheme for greater cooperation between different Mexican agencies whose operations affect agriculture.

The plan contains both domestic and international objectives. Two goals of the plan that, if achieved, would benefit Mexico's position in world trade are: To grow sufficient quantities of export crops to meet present commitments and to allow for export expansion, and to develop new markets or increase established ones in countries with which Mexico has a deficit balance of trade.

The most detailed estimates of Mexican planting acreages, crop production, and availability of crops for export ever published are included in the plan. No information has as yet been issued on programs to implement the goals set.

Peak Peanut Crop Eases Indian Oil Supply

A record peanut harvest, along with prospects for large crops of other oilseeds, is helping to relieve India's tight edible-oil situation caused by short crops over the past two seasons.

Peanut output for the 1967-68 crop year (July-June) is unofficially estimated at 6.3 million metric tons, in shell, compared with the final Indian Government estimate of close to 4.5 million for 1966-67 and the previous record of 5.9 million in 1964-65. According to trade estimates, the area planted to peanuts increased by 3 percent over the previous year's 17.9 million acres. Weather so far has been favorable, with rains timely and well distributed.

Official statistics on consumption and stocks are not available. However, estimates put consumer use of peanuts as such at about 6.5 percent of output and use for planting, waste, and feed at about 13 percent. The remainder, excluding exports, is crushed for oil. On this basis, the 1966-67 crop split as follows: 292,000 tons for food; 583,000 for seed, feed, and waste; and 3,610,000 for crushing.

Exports of hand-picked select kernels are being allowed this marketing season (October 1967-September 1968) on shipping bills against firm commitments to all permissible destinations. Shipments are on a first-come, first-served basis and cannot exceed the government's limited undisclosed ceiling. According to the trade, about 50,000 tons will be allowed for export and shipped through September of this year. The government is also expected to permit exports of not more than 5,000 tons of hand-picked select peanuts in the shell.

Exports of peanut oil, vanaspati, and peanut expeller cake—as well as of all edible oils—continue to be banned by the Indian Government. Despite this ban, the government has permitted shipments of very small quantities to traditional markets and to fulfill old commitments.

Exports of peanut meal are freely permitted and even encouraged. The Reserve Bank of India has increased its credit to manufacturers of cakes and meal, which is expected to help them boost exports. Nevertheless, the trade has withdrawn its original estimate of 1 million tons and now expects exports of about 800,000 for the 1967-68 marketing year. The export duty of $16.63 per metric ton is still in effect and has a dampening effect on shipments. Another handicap is the 15-percent surcharge on shipping freight since closure of the Suez Canal, during last year's hostilities in the Middle East, a cost borne entirely by the Indian exporters.

INDIAN ACREAGE, PRODUCTION, AND YIELD OF PEANUTS

Year[1]	Acreage	Production	Yield per acre
	1,000	*1,000*	
Average:	*acres*	*metric tons*	*Pounds*
1947-48/1950-51	10,045	3,332	732
1951-52/1955-56	12,174	3,535	641
1956-57/1960-61	15,272	4,656	673
1961-62/1965-66	17,042	4,926	639
Annual:			
1961-62	17,023	4,994	647
1962-63	16,962	4,821	627
1963-64	16,825	5,215	683
1964-65	17,832	5,888	728
1965-66[2]	18,355	4,231	508
1966-67[3]	17,917	4,485	552
1967-68[4]	18,455	6,300	---

[1]Marketing year, Oct.-Sept. [2]Partially revised. [3]Final estimate. [4]Preliminary.

Prices of peanuts and peanut products were lower in 1967 than in 1966 and did not fluctuate as widely as in the past few years. In the first half of the year, they were steady to moderately lower, influenced by arrivals of P.L. 480 soybean oil and the signing of new P.L. 480 agreements in February and June. Prices declined further in the second half of the year as prospects for the record peanut crop became evident. For the remainder of the current season, they are expected to stabilize around the early January 1968 levels of an average of about $188 per ton for peanuts, about $400 for peanut oil, exmill, $72 for expeller cake, and $64 for deoiled meal.

Larger Indian Flaxseed Crop

After last year's smallest flaxseed crop in recent history and record-high flaxseed prices, India may see considerable improvement in the 1968 harvest.

Current unofficial estimates place this year's crop at 400,000 metric tons (15.7 mil. bu.), down from early December estimates of 450,000 (17.7 mil. bu.) but a 46-percent rise from the 274,000 tons (10.8 mil. bu.) produced in 1967. Sowings were satisfactory, and producing areas have had sufficient moisture to turn out a good-sized crop. However, excessive December rains in some areas obscured the picture somewhat. A more accurate estimate can be made once harvesting begins this month.

Because of high prices and favorable weather conditions at sowing time, the area planted to flaxseed is believed to have increased to about 4,567,000 acres, 21 percent over last year's planted acreage.

The Indian Government continues to prohibit exports of flaxseed. Although shipments of linseed oil and cake are freely permitted, prospects for the former are nil and for the latter not very promising.

Exports of oil totaled only 39 tons in 1966 and were down to practically zero last year. The continuing fall has resulted from high domestic prices because of two successive short crops and increasing local demand. Indian prices are completely out of parity with world prices, and the government offers no incentives to boost exports. Even when incentives did exist, they were inadequate to bridge the price gulf.

Exports of cake in January-September 1967 were 4,740 tons, compared with 4,925 in the same period of 1966. The 1968 outlook is for shipments at about the 1967 level, since domestic demand for cake has pushed local prices too high for any large-scale exports.

Domestic prices of flaxseed and flaxseed products have declined some during the past few months because of the prospective large 1968 crop. In early 1967 they were at record levels. Seed prices stayed high throughout most of the year, but those of oil and cake declined gradually. The declines resulted from a number of conditions: A credit squeeze by the Reserve Bank of India and fears that the government would freeze prices of essential commodities; arrivals of P.L. 480 soybean oil—which released pressure on use of linseed oil directly or mixed with peanut oil for edible purposes; the tight money situation; consumer resistance to high prices; and prospects of larger peanut and other oilseed crops.

These articles are based on dispatches from Ross L. Packard
U.S. Agricultural Officer in Bombay

How GRAIN moves into the RHINE VALLEY

Over the past hundred years no two rivers have been more important to the development of international trade than the Mississippi and the Rhine. The first has provided for much of the United States Corn Belt one of its principal means of access to ocean-going vessels. The second distributes grain to one of the world's greatest deficit areas.

Rotterdam and Amsterdam, chief receiving ports of the Rhine Valley's trade in foreign grains, together handle about 8.25 million metric tons of grain a year. Of that trade in 1965, 3.9 million tons—including wheat but not soybeans—was imported into the Netherlands, 2.7 million of it from the United States. An additional 3.8 million tons was reloaded onto other vessels and transshipped (almost two-thirds of it American), and another 600,000 moved through the ports to other destinations without reloading.

Supplies of grains coming into the Rhine from the United States have been related to demand in the densely populated Low Countries (including the demand of the Netherlands' livestock exporting industry), in Germany's industrial centers of the Ruhr and of the middle Rhine, and in the upper Rhine Valley stretching to southeast France and landlocked Switzerland. This trade in grains, established for several generations, has survived World Wars I and II—closely associated with the Rhine Valley itself—economic depressions, and various forms of agricultural protection. As standards of living in Western Europe have gradually risen, feedgrains for use in the production of pork, beef, eggs, poultry, and dairy products have become of increasing importance compared to milling wheat.

Changing trade patterns

The Rhine Valley's long-established international grain trade is currently experiencing a number of changes. Its structure is adapting to new circumstances. Economic pressures are forcing the shippers, dealer-importers, and feed compounders (the principal users), to reassess their relationships. Some shippers are taking on the functions of the traditional importers and selling directly to users. Importers are in turn making links with the compounding industry, and compounders are more and more importing on their own account, buying directly from shippers. In some cases they are beginning to integrate with farming operations. Professions serving the trade—forwarding agents, controllers, and brokers—are also under pressure. Technical progress, use of vessels of larger capacity, improved dock discharge and storage facilities, and better communications are also contributing to these changes.

The feed compounding industry served by the Rhine Valley has undergone comparable structural changes. Expansion in the industry is being accompanied by concentration, so throughout the Rhine Valley a larger output of compound feeds is being produced by fewer companies. The larger compounders, some with national distribution, are pressing hard on the smaller local firms, and the cooperative movement is competing vigorously with the ordinary business concerns.

The costs and efficiency of moving grain from ocean-going vessels to either barges, coasters, or trucks is an important aspect of the economics of the trade. Grain imported into the Rhine Valley by sea for the most part has to be moved from ocean-going vessels into barges, coasters (for transshipment), trucks or railroad cars. Facilities for moving grain usually have silos for storage because of obstacles to direct movement. These obstacles may be due to coasters being delayed or difficulty in obtaining barges, or to the fact that the grain is still unsold by either shipper or importer and its ultimate destination is therefore unknown. Silo facilities must allow consignments of grain to be kept separate, dried if necessary, and weighed on discharge.

Until recently most grain ships have been unloaded by floating elevators, which have the advantage of saving dock space. On the other hand, the congestion they cause in dock basins has become an increasingly serious problem. Their lack of stability makes automatic weighing difficult, and they can discharge only into barges or coasters and not directly into storage. Consequently most of the recent investment in port grain-handling facilities has been made in shore-based elevators with associated silos.

About 90 percent of the Rhine's international trade in feedgrains is in the hands of five shippers, who also ship other grains and who maintain offices in all the countries concerned in the Rhine Valley trade. The business is both competitive and speculative.

Shippers sell in two different ways—to importers and through

Much of the U.S. grain destined for the Benelux ports is transported from Corn Belt farms by rail and river vessels to Great Lakes ports. Ocean-going ships then carry the grain through the St. Lawrence Seaway and across the Atlantic to Europe. At left an ocean freighter is loaded with grain at Maumee, Ohio, before moving into Lake Erie.

brokers, which is their main trade, and to each other. Each morning the shippers notify brokers and buyers by telephone and telex their indicated "line-up" prices for feedgrains. By noon each shipper normally knows what are his competitors' line-up prices. Business is almost invariably done on the telephone, the confirmation of contracts being in an abbreviated form. Invoices and shipping documents are presented directly to buyers through normal bank channels, the usual terms being cash against documents.

The EEC levy system insulates the market from large-scale price fluctuations, but important marginal changes in prices very frequently take place during the day. (*Foreign Agriculture* publishes in each issue 2 days' Rotterdam grain quotations plus a weekly summary, see page 13.)

Rotterdam's floating elevators

The two companies handling grain in Rotterdam together operate 28 floating elevators. Although the present cost of discharging grain to one of the companies is about double what it was 10 years ago, it is still lower than in German ports or at Antwerp. Many of Rotterdam's grain-handling facilities have been moved down the Rhine to an $8-million modern installation at Botlek. Ocean-going vessels of up to 70,000-ton capacity can be moored at double jetties and grain transferred rapidly to barges or coasters or into storage. Amsterdam has comparable grain handling facilities, but smaller storage capacity.

The feedgrains import business for Germany is largely based in Rotterdam. Bremen and Hamburg—and to a lesser extent Emden—are important German grain ports, but only a relatively small proportion of the feedgrains imported finds its way from them by rail and barge into the Rhine Valley.

In Hamburg there are 4 large shore-based elevator companies with modern silo capacity and 18 floating elevators, 14 of which deal with about one-third of the grain discharged. Much of the grain moves from shore-based elevators into railroad cars, since Hamburg handles a very large proportion of the transit trade to Eastern Europe.

The Belgian feedgrains trade is centered in Antwerp, where the principal international shippers maintain offices. Slightly higher port handling costs are only one of the competitive disadvantages of the port at Antwerp. It is also much further from the sea than Rotterdam—while remaining strongly tidal—and about 60 miles further from the Rhine. Despite government subsidy, barge rates to upper Rhine ports from Antwerp still tend to be higher than

Below, one of Rotterdam's 28 floating elevators is towed through the harbor. The elevators pneumatically pump grain out of ocean-going vessels into barges and smaller ships which can navigate inland waterways. Almost half the grain handled by Dutch ports is transshipped for internal distribution with reloading by the elevators. Photo courtesy Netherlands Information Service.

Right, grain barges in the port of Hamburg, which receives foreign grain for parts of Germany and Eastern Europe not served by the Rhine. Below, barges loaded with grain move along the Rhine into the port of Cologne.

those from Rotterdam. Unless a special arrangement is permitted, harmonization of barge rates in the European Economic Community will accentuate this difference.

Further difficulties may arrive when the port of Ghent has been modernized to take ships of up to 50,000-ton capacity. This will remove some business from Antwerp since Ghent is near a number of large compounding plants and is also closer to Lille, where two French grain starch producers are located. Of approximately 1 million tons of grain imported through Antwerp, well over half goes for nonfeed purposes.

The only part of France in the geographical area of the Rhine Valley is Alsace, comprising the departments of Haut-Rhin and Bas-Rhin. The area is made up of predominantly small farm holdings and its consumption of purchased feedgrains is relatively small and at present easily satisfied from French sources.

The end of barriers to intra-Community agricultural trade presents France with an opportunity to increase grain exports to its EEC neighbors, at the possible expense of third countries. At present France is concerned only to a modest extent with the Rhine Valley grain trade. In the future, however, the level of its production, domestic consumption, and exports of feedgrains will vitally affect supplies in the Rhine Valley region.

The amount of feedgrains imported from sources outside of Europe by Switzerland represents a relatively small proportion of that handled by the Benelux ports. On the other hand the Swiss market removes fairly large amounts of grain—mostly from France—which might otherwise be available in the Rhine Valley.

Feedgrains imported into Switzerland arrive either by barge to Basle or by rail.

Effect of EEC grain regulations

A greater disadvantage, however, arises out of the mechanics of the EEC grain regulations. Grain producing areas of France, Italy, and Germany nearest to Switzerland are remote from the principal deficit area of the Community, which has the highest prices. Freight rates to the areas adjacent to Switzerland are therefore relatively high, and the price level for grains produced in the areas adjacent to Switzerland comparatively low. The Swiss market is made still more attractive by the present system of restitutions for exports. These restitutions are based on the fiction that all grain is reexported from the point where it was imported—that is, the point where the high threshold price (and hence the levy) was applied. (The fiction is carried a stage further in the case of homegrown grain, which has, of course, never been imported in the first place.) These exaggerated export subsidies may give grain from the Community advantages over grains from sources outside the EEC.

Commercial relations are so often seen largely in terms of the interests of the sellers that it is worth stressing the reciprocal advantages of the Rhine Valley grains trade. This market is valuable to the United States and to the other exporting countries, and failure to maintain reasonable access to it would be serious. It is also valuable for the importing countries to be able to continue counting on regular supplies of grains of dependable quality.

—From a report prepared by
M. W. BUTTERWICKE AND EDMUND NEVILLE ROLFE
for U.S. Feed Grains Council
and the Foreign Agricultural Service

Irish Imports of U.S. Grains To Fall

After several years of expanding grain imports because of small domestic wheat production and large numbers of livestock being raised for export (especially bacon-type hogs and broiler chickens), Ireland's grain market will have a sharp increase in supply from domestic sources in the market year 1967-68. One of the principal losers on the Irish grain market may be the United States, which in 1965-66 supplied 40.7 percent of all grains Ireland imported and in 1966-67 supplied 33.1 percent.

The two chief reasons for the expected fall in Irish grain imports are the large Irish wheat production during 1967 (estimated at 50 percent larger than the 1966 crop) and the present low level of hog production in Ireland. In the past Ireland's hogs required large tonnages of feed wheat and coarse grains for fattening and much of the grain was imported.

Effect on U.S. grain exports

U.S. grain exports to Ireland will be affected in two ways. First, there has already been a sharp reduction in Irish imports of U.S. milling wheat. The United States began exporting milling wheat for bakers' flour to Ireland in the market year 1965-66 because of the decline in Irish wheat production and continued U.S. efforts to promote the use of U.S. hard wheats by Irish flour mills in their grists. The revised U.S. grade standards for wheat, which came into effect in 1964, also helped introduce U.S. hard wheat to Ireland. Second, domestic Irish feed wheat from the large 1967 wheat crop will replace a portion of the coarse grains previously imported from the United States and other countries. Between 20 and 25 percent of the 1967 Irish wheat harvest was unsuitable for milling and will be used as livestock feed.

To encourage the use of wheat as livestock feed, the Department of Agriculture and Fisheries has issued licenses providing for a much smaller importation of grain sorghum during the January-March 1968 period than during the same period in 1967. The small allocation for sorghum will hit U.S. exporters, who are major suppliers. In early 1965 U.S. grain sorghum was introduced to Ireland as a suitable feed for finishing bacon-type hogs. Before this time, U.S. coarse grain sales to Ireland had been limited to corn, which the Irish excluded from hog-finishing rations because they felt it resulted in carcasses that were too fat and soft to produce the Wiltshire bacon that Ireland exports to the United Kingdom. After the introduction of grain sorghum as hog feed, U.S. coarse grain sales to Ireland increased markedly.

In addition to restrictions on sorghum imports, the Irish Government made other moves to protect domestic grain prices and speed the consumption of domestic grains.

It raised the levy on corn imported during the January-April 1968 allocation period from $2.40 per long ton to $4.80. The additional levy will be used by the Irish Grain Board to finance the disposal of 30,000 long tons of domestic feed barley carried over from the 1966-67 marketing year.

In another price-support operation the Grain Board will purchase domestic feed barley and feed wheat from the 1967 crop at $65.88 a long ton if it meets certain specifications. During 1966 the Grain Board purchased 123,000 long tons of feed barley, but it is expected to purchase less this marketing year. However, the Board will probably have to purchase about 30,000 tons of feed wheat from the 1967 crop.

Imports of wheat offals (byproducts of flour milling used as animal feed) were restricted for the period January-March 1968 to 18,000 long tons, or about 75 percent of normal imports for that time. The restriction on wheat offals should help move domestic feed grains into consumption and hasten the date when import restrictions on sorghum and feed wheat can be eased. Irish hog production reached a record level in 1965-66 and then declined sharply. Hog slaughter in Irish bacon factories was down 15 percent in 1966-67 from the 1965-66 level. Although some increase in hog production is expected during the current marketing year, no substantial recovery (and increased demand for feedgrains) is likely before 1968-69.

—Based on dispatches by RICHARD E. BELL
U.S. Agricultural Attaché, Dublin

New Varieties of Rhodesian Tobacco Have Been Developed

Two new varieties of flue-cured tobacco developed by the Tobacco Research Board of Rhodesia have been found to outyield traditional varieties in field trials and to produce leaf selling at higher prices. Both varieties are highly resistant to white mold—one of the most damaging diseases of Rhodesian tobacco.

News about the varieties and the successful outcome of field trials in various parts of the tobacco region is given in the Board's annual report for the year ended June 30, 1967. The report says the varieties have been named Kutsaga E1 and Kutsaga E2. The letter "E" in the name denotes resistance to the organism causing white mold.

In the trials, these varieties outyielded the commonly used Hicks by nearly 20 percent in salable weight per acre and equaled the yield of Kutsaga 51. They also averaged about 12 percent higher than Hicks in price per pound and 34 percent higher in returns per acre. The report says that the two new lines resembled Hicks in the field and produced a similar type of cured leaf. Smoking tests performed on bulk samples of the leaf revealed no undesirable properties for the new varieties, but in certain physical and chemical characteristics, they differed from the standards.

These differences are believed to be associated with the new varieties' more favorable grade distribution, an aspect that is now being investigated. The report adds that a decision on the release of these varieties may be made by mid-1968.

The report also says that Rhodesia's new giant tobacco variety, Kutsaga Mammoth, has given the highest financial return per acre of any variety, exceeding Hicks by 44 percent. This has come from high yields, since Kutsaga Mammoth's average price per pound is the same as that for Hicks.

Smoking, physical, and chemical test results with Kutsaga Mammoth have been generally favorable. However, this variety had a much wider range of performance in the trials than the others had, and management of it could present more serious problems than for any other variety grown in Rhodesia to date. The report adds that more emphasis is now being given to creating flue-cured varieties that are resistant to diseases other than white mold.

Despite its progress in developing higher yielding tobacco, Rhodesia continues to stress diversification away from this crop toward cotton and other products for which markets can be found. Since sanctions were taken against Rhodesia in November 1965, production of this onetime king among Rhodesian exports has become increasingly unprofitable, with unsold stocks now reported to be in excess of 300 million pounds.

British TV Show at Hotelympia Plugs U.S. Foods

British housewives tuning in "Afternoon Extra" January 11 were treated to a half-hour television program of cooking demonstrations by a panel of chefs telecast live from the U.S. test kitchen at the Hotelympia catering exhibit in London. American chef J. J. Wanderstack, food demonstrator at the U.S. exhibit for its 9-day run (see *Foreign Agriculture* February 12, 1968) helped with preparations.

The television broadcast gained important publicity mileage for U.S. foods being promoted at the Hotelympia show.

Chefs taking part in the show were TWA "Flying Chef" Henri Stahli—flown to London specifically for the broadcast—Bryan Stamp of the London Hilton Hotel, and Teddy Mika, a Polish chef brought in by Rediffusion Television, which broadcast the show. Two other cooks were British broadcaster George Villiers and housewife Jennifer Stone.

Each of the cooks was given a red-white-and-blue American tote bag of various products selected from the national exhibits at Hotelympia and asked to prepare a 3-course menu including them. An audience of exhibit visitors sampled the dishes the chefs created.

No brand names were mentioned, but some of the more unique and popular American foods on exhibit were discussed and demonstrated. Dehydrated potatoes and frozen foods, convenience and instant foods, strip steaks, rice, avacados stuffed with crabmeat, and frozen bread dough were just a few.

Participating chefs—above, behind counter—look on while program host Michael Wale offers some of the dishes prepared on the air to the audience for tasting.

U.S. Nonfat to Mexico

The United States has just sold 48.5 million pounds of nonfat dry milk to the Mexican Government to be used for social welfare programs. The sale was made from Commodity Credit Corporation inventories under the CCC Charter Act. Price was 8.62 cents per pound delivered at border points.

This sale is the first made under that portion of the regulations announced January 9, 1968, which offers milk for sale at negotiated prices for restricted use, i.e., school lunches and welfare.

1968 Maid of Cotton Begins Tour

Fashion-show modeling of an all-cotton wardrobe at the U.S. Food and Agricultural Exhibit in Tokyo and the starring role in a cotton fashion film are among the activities ahead for Susan Holder, the U.S. Maid of Cotton for 1968.

Official goodwill ambassadress for the U.S. cotton industry, Miss Holder has started a 5-month tour to promote U.S. cotton garments and textiles. By the time her tour is ended, she will have sung the merits of American cotton in 36 American and Canadian cities and in Japan and West Germany.

Television and radio appearances, participation in civic activities, and modeling of couturier cottons are among the activities of Miss Holder, who is taking with her a cotton wardrobe fashioned by leading American designers.

The international part of her trip began in January in Canada, where she appeared in fashion events at leading department stores throughout the country.

Later, she will fly to Japan to participate in the April 5-21 U.S. show in Tokyo. Miss Holder will model U.S. cotton garments in fashion shows held twice daily at the exhibition, which is to spotlight cotton as one of the major American commodities exported to Japan.

The Maid will go to West Germany in June to star in a fashion film, featuring designer cottons photographed in Bavaria. The film will be released across the United States next fall.

This is the 30th year that Maids of Cotton have been selected to promote U.S. cotton. Sponsors of the U.S. program are the National Cotton Council of America, the Cotton Exchanges of New York and Memphis, and the Memphis Cotton Carnival Association. FAS and its market development cooperator Cotton Council International sponsor the overseas program.

Maid of Cotton Susan Holder models one of the many American-designed cotton outfits she will wear on her 1968 cotton promotion campaign here and abroad.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between February 7 and February 14, 1968, offer prices for high-protein wheats advanced, while others remained unchanged. Canadian No. 2 Manitoba advanced 2 cents per bushel, and U.S. Spring was up 1 cent. Manitoba No. 2 remains 15 cents per bushel under a year ago, while U.S. Springs are 10 cents under the prices as of this time last year. Offers of lower-protein wheats ranged from 9 to 11 cents below the offers of a year ago.

U.S. corn prices advanced 3 cents per bushel, while Argentine prices were down 2 cents per bushel.

Following is a listing of the prices:

Grain	Feb. 14	Feb. 7	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.06	2.04	2.21
USSR 121	(1)	1.93	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.95	1.94	2.05
U.S. No. 2 Hard Winter, 12 percent	1.82	1.82	1.91
Argentine	1.81	1.81	1.92
U.S. No. 2 Soft Red Winter	1.78	1.78	1.88
Corn:			
U.S. No. 3 Yellow	1.42	1.39	1.58
Argentine Plate	1.58	1.60	1.68
South African White	(1)	1.47	(1)

[1] Not quoted.

Switzerland Permits Poultry Part Imports

Switzerland, on February 12, 1968, opened its borders for the first time to imports of poultry parts from all sources, provided they meet conditions fixed by the Federal Veterinary Office.

The parts of frozen slaughtered poultry classified under Swiss Custom's Tariff Position 0202.01 that are to be permitted entry include those from chicken, turkey, ducks, geese, and guinea fowl. At the outset, parts covered in the action are specifically limited to legs, breasts, wings, and poultry rolls. The order also states that parts to be exported must come only from plants that have passed Swiss veterinary inspection requirements for whole birds.

The following additional provisions apply:

- Only deep frozen parts (minus 18°C.) will be permitted;
- All consumer packages of up to 2 kilograms (4.4 lb.) must be labeled in accordance with the Swiss Meat Inspection Ordinance;
- License application must include name of slaughterhouse;
- Ready-to-cook salted and spiced poultry parts are included in the regulations;
- Veterinary inspection charges are unchanged at SwFr25 per 100 kilograms (2.59 cents per lb.);
- So-called "equilization charges' (charges earmarked for payment to the government to subsidize domestic production) have not yet been determined, but charges for the whole bird are SwFr15 per 100 kilograms (1.55 cents per lb.);
- Import license charges will range from SwFr0.10 per 100 kilograms (0.0104 cent per lb.) for large quantities to a maximum of SwFr2 per 100 kilograms (0.208 cent per lb.) for smaller ones.
- Cooked products including turkey rolls may be imported under the current tariff number and not classified as poultry parts—total import charges will continue at approximately SwFr70 per 100 kilograms (7.5 cents per lb.).

The present import duty rate for all parts is the same as now applicable to whole poultry; i.e., SwFr30 per 100 kilograms (3.1 cents per lb.).

The Swiss action culminates the effort by the Department of Agriculture and other interested agencies to obtain access for quality U.S. poultry parts into the Swiss market.

U.K. Lard Imports Up 1 Percent in 1967

U.K. lard imports in 1967 totaled 414 million pounds, 1 percent above those in the previous year. Although the quantity of imports from all sources was slightly above that imported in 1966, total lard in value was down 18 percent because of lower world prices for lard. The U.S. price of lard (loose, tank cars) in Chicago averaged 7.8 cents in 1967, compared with 11.2 cents in 1966.

The United States regained a substantial portion of the U.K. lard market in 1967, supplying 39.4 percent of total U.K. imports. The U.S. market share increased 10 percent during the year. Romania, Bulgaria, and the Netherlands also shipped larger supplies of lard to the United Kingdom in 1967.

Belgium, the second largest exporter of lard to the United Kingdom, supplied 22 percent of total U.K. imports, down from a 25-percent market share held in 1966. Other countries showing significant decreases during the year included Italy, Poland, and Denmark.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN

Country of origin	1966		1967	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	118,662	29.0	163,249	39.4
Belgium	102,217	25.0	92,835	22.4
Romania	37,187	9.1	43,014	10.4
Netherlands	21,579	5.3	27,150	6.6
Denmark	27,807	6.8	22,295	5.4
Poland	39,952	9.8	22,249	5.4
France	17,060	4.2	15,522	3.8
Germany, West	11,183	2.7	12,877	3.1
Bulgaria	4,091	1.0	7,972	1.9
Sweden	4,988	1.2	4,464	1.1
Switzerland	4,433	1.1	984	.2
Italy	15,729	3.9	719	.2
Others	3,695	.9	523	.1
Total	408,583	100.0	413,858	100.0

Henry A. Lane and Company, Ltd.

Peru's Production and Export of Fishmeal

Peru, the world's leading producer and exporter of fishmeal, produced a record 2.0 million short tons of this product in 1967—23 percent more than in 1966.

Total Peruvian supplies of fishmeal in 1967, at 2.4 million tons,

increased by 532,800 tons, while exports during the same period increased by only 282,600 tons to 1.7 million. Stocks on December 31, 1967, approximated 660,000 tons—a record and nearly 250,000 tons larger than a year earlier.

PERU: ESTIMATED SUPPLY AND DISTRIBUTION OF FISHMEAL

Item	1963	1964	1965	1966	1967
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Stocks, Jan. 1	212.6	172.4	287.1	261.7	413.6
Production	1,272.3	1,710.9	1,413.2	1,620.9	2,001.8
Total supply	1,484.9	1,883.3	1,700.3	1,882.6	2,415.4
Exports	1,278.4	1,561.5	1,388.9	1,438.0	1,720.6
Apparent consumption	34.1	34.7	49.7	31.0	33.0
Stocks, Dec. 31	172.4	287.1	261.7	413.6	661.8
Total distribution	1,484.9	1,883.3	1,700.3	1,882.6	2,415.4

Sociedad Nacional de Pesqueria and other sources.

The United States, Peru's largest single country market for fishmeal, accounting for about one-fourth of the total, took most of the increase in 1967. East European countries, accounting for about 16 percent of the total, also increased their purchases from Peru in 1967. Movements to all other destinations in aggregate were virtually unchanged from the 1966 volume.

PERU'S FISHMEAL EXPORTS

Area or country	1966		1967	
	1,000 short tons	*Percent*	*1,000 short tons*	*Percent*
United States and other North America	332.4	23.1	492.7	28.6
South America	32.0	2.2	96.9	5.6
West Germany	310.7	21.6	310.5	18.1
Other Western Europe	459.5	32.0	474.4	27.6
Eastern Europe	222.9	15.5	272.7	15.8
Japan and all others	80.5	5.6	73.4	4.3
Total	1,438.0	100.0	1,720.6	100.0

Exports of crude and semirefined fish oil in 1967 amounted to 216,015 short tons, compared with only 96,300 in 1966. The 1967 volume significantly exceeded the record volume of 166,000 tons exported in 1962. Apparently oil output, which is governed by the percentage of oil in the fish, rose somewhat in 1967 from that in previous seasons. Oil production varies with the season, age of the anchoveta caught, and local conditions.

Fishing conditions as of late January were reported as generally good, although the catch was not uniformly abundant.

As in 1967, the fishing season may be closed temporarily during part of February and March as a conservation measure.

According to trade sources, Peru intends to allow a total anchovy catch of 9 million to 10 million metric tons before declaring a closed season about the end of June.

India's Tobacco Exports Rise

India's exports of unmanufactured tobacco in the first 9 months of 1967, at 94.7 million pounds, were 65 percent larger than the unusually small quantity of 57.5 million shipped out in January-September 1966. Flue-cured tobacco accounted for 86 percent of the total.

Shipments of flue-cured tobacco totaled 81.6 million pounds in January-September 1967, with the United Kingdom taking 38.7 million pounds and the Soviet Union 11 million. The 1967 harvest of Indian flue-cured was considerably larger than that of 1966.

Other major destinations for India's flue-cured leaf in the first 9 months of 1967 included Egypt, 6.7 million pounds; Japan, 6.2 million, and East Germany, 5.1 million.

Japan Raising Cigarette Prices

The Japan Monopoly Corporation has announced that retail prices of cigarettes will be increased the equivalent of 2.8 U.S. cents per pack of 20 effective May 1, 1968. The price rise will affect all brands except Golden Bat and Asahi. The increase means that the retail price of Hi-Lite, by far the biggest seller, after May, will be equal to 22.2 U.S. cents per pack, compared with the present 19.4 cents.

Top government officials in Japan considered the price rise essential to compensate for growing inflation and greater costs of both domestic and imported leaf. The general consensus of Japanese tobacco industry officials is that the cigarette price increase will have at least a dampening effect on the rate of gain in cigarette consumption, which has been trending sharply upward for a long period.

Ontario Flue-Cured Sales

Sales of flue-cured tobacco on the Ontario, Canada, auctions totaled 117.1 million pounds through February 2, 1968, at an average price of 70.2 Canadian cents per pound. For a comparable period of sales a year ago, the total was 129.9 million pounds at 73.1 cents.

East African Cotton Crop Down

Cotton production in East Africa—Tanzania, Uganda, and Kenya—is estimated at 675,000 bales (480 lb. net) in 1967-68 (August-July), compared with a record crop of 735,000 a year earlier and an average of 488,000 in 1960-64. Tanzanian production, estimated at 300,000 bales in 1967-68, is down from 360,000 bales the previous year. Heavy rains and insect attack in the coastal region reduced output. The crop in Kenya remained about equal to the 25,000 bales produced in 1966-67.

In Uganda, the crop, which is now being harvested, had been expected to equal the approximately 350,000 bales produced in 1966-67. However, late reports indicate that the current crop may amount to no more than 300,000 bales. The slow rate at which cotton is moving to the gins is causing concern as to whether cotton picked in some areas will be ginned. Moreover, lint quality is said to be disappointing, an indication of the injurious effects of bad weather.

Average yield in Tanzania was placed at 288 pounds an acre in 1967-68, down sharply from 346 pounds a year earlier. This reflects the adverse effects of insects and weather conditions in the coastal area. Around 500,000 acres were allocated to cotton in 1967-68, about equal to the 1966-67 level. Ugandan average yield is computed at 67 pounds an acre from approximately 2,200,000 acres in 1967-68. The cotton acreage is relatively unchanged from the previous year. The yield in Kenya is estimated at 80 pounds an acre from about 125,000 acres, almost unchanged from 1966-67.

Cotton exports from the three countries are estimated at about 600,000 bales in 1967-68, compared with 700,000 a year earlier. Major countries of destination in 1966-67 were Hong Kong, Japan, Mainland China, India, and West Germany.

Cotton consumption in the East African countries is placed at around 75,000 bales. Tanzanian offtake is estimated at 15,000

bales this season because of additional mill capacity. Consumption in Uganda and Kenya remained relatively unchanged at 50,000 and 10,000 bales, respectively. Although spinning capacity has increased in recent years, the countries of East Africa continue to be net importers of textiles.

Ceylon Tea Crop Equals 1966 Harvest

Ceylon's tea production in 1967 totaled 489.7 million pounds, compared with 490.1 million produced during the year before. The 1965 Ceylon tea crop was a record 503.2 million pounds.

Ceylon remained the largest supplier of tea to the U.S. market in 1967. U.S. tea imports from Ceylon amounted to 56.1 million pounds valued at $24.6 million, compared with 53.5 million pounds valued at $24.1 million in 1966. Total 1967 U.S. tea imports were 142.6 million pounds with a value of $58.1 million.

Kenya's Tea Production Falls

Reflecting drought conditions, Kenya's 1967 tea crop totaled 50.29 million pounds, down 10 percent from the record 1966 harvest of 56.04 million.

However, drought conditions were less severe in Uganda and Tanzania, and with new areas coming into bearing, production rose to record levels. Uganda's crop amounted to 24.78 million pounds, against 24.75 million in 1966, and Tanzania produced 15.76 million pounds, up from 14.99 million in the year before.

Netherlands Prices on Canned Fruit, Juices

Selected prices (landed, duty paid) of selected canned fruits and juices are shown in the following table:

Type and quality	Size of can	Price Per Dozen Units Jan. 1967	Oct. 1967	Jan. 1968	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricot, halves:					
Standard	2½	--	3.98	3.98	Australia
Quality not specified	2½	3.38	--	4.04	S. Africa
Cherries, sweet not pitted	2½	6.80	6.30	6.40	Italy
Cherries, R.S.P.					
Quality not specified	10	--	--	28.18	U.S.
Do	15 kg. [1]	--	36.96	38.12	Yugoslavia
Fruit cocktail:					
Choice, light syrup	10	19.39	23.37	23.87	U.S.
Choice, heavy syrup	2½	--	5.30	5.40	S. Africa
Fruit salad:					
Quality not specified	15 oz.	--	3.12	3.00	Spain
Peaches:					
Sliced, light syrup	2½	4.08	3.65	3.78	U.S.
Halves, heavy syrup	2½	--	--	4.64	Italy
Pears:					
Heavy syrup	2½	4.97	4.54	4.61	Italy
Pineapple:					
Slices, fancy	2½	--	5.34	5.40	U.S.
Slices, choice	2½	4.71	4.48	4.61	U.S.
Slices, heavy syrup	2½	--	3.81	3.75	S. Africa
DO	30 oz.	4.01	4.11	4.08	Taiwan
Chunks	2½	3.88	3.94	3.94	U.S.
Pieces, heavy syrup	30 oz.	3.12	3.08	3.15	Taiwan
CANNED JUICES					
Grapefruit, unsweetened	1 qt. [2]	--	4.48	4.48	U.S.
Orange, unsweetened	1 qt. [2]	--	4.48	4.48	U.S.

[1] 15 kg. = 11 pounds. [2] Packed in glass bottles.

Smaller French Walnut Crop

The 1967 commercial French walnut crop is now estimated at only 28,000 short tons, in-shell basis, down 10 percent from earlier reports. This would be 15 percent below the 1966 harvest but still slightly above average. The Grenoble crop totaled only 7,000 tons as against 11,000 in 1966. In Bordeaux the harvest was about equal to the 20,000-ton 1966 output.

Exports during the year ended September 30, 1967, totaled 17,064 short tons, in-shell basis, including 1,875 tons of kernels and 12,377 tons in shell. West Germany was, as usual, by far the leading market, taking 59 percent of the total. The United Kingdom, Switzerland, and Belgium-Luxembourg were also important buyers, and the United States purchased 119 tons of kernels. During the first 2 months of the current season, exports totaled only about 7,700 tons as against 11,800 tons during October-November 1966. Total 1967-68 exports are not expected to exceed 13,000 tons as against a 14,600-ton average.

Because of the short crop, prices were up substantially from the year before. December 1967 prices (with December 1966 in parentheses) were as follows: Marbot extras 28 millimeters and over, 34.0 cents per pound (28.6); Cornes extras 27 millimeters and over, 32.7 (27.2); Bordeaux extra halves, 113.4 (90.7); and Arlequins halves, 68.0 (54.4).

FRANCE'S COMMERCIAL WALNUT SUPPLY AND DISTRIBUTION
[In-shell basis]

Item	1961-65	1965-66	1966-67	Preliminary 1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Oct. 1)	--	--	--	--
Production	26.6	18.0	33.0	28.0
Imports	1.0	4.1	.5	1.0
Total supply	27.6	22.1	33.5	29.0
Exports	14.6	8.2	17.1	13.0
Domestic disappearance	13.0	13.9	16.4	16.0
Ending stocks (Sept. 30)	--	--	--	--
Total distribution	27.6	22.1	33.5	29.0

Crops and Markets Index

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEE PAID
U.S. DEPARTMENT OF AGRICULTURE

Deadlines Near for Hearing on U.S. Trade Policy

Set to begin on *Monday, March 25, 1968,* in Washington is a public hearing on the future of U.S. trade policy, to be held by the Trade Information Committee of the Office of the President's Special Representative for Trade Negotiations. By *March 8,* the Committee must have in its hands all requests to present oral testimony; by *March 15,* all written briefs.

Purpose of the hearing is to obtain a full and detailed exposition of public views on all aspects of U.S. foreign trade policy. The Committee's findings will be taken into account by the Office in a comprehensive study it is conducting at the President's direction, focusing on ways to further expand trade among industrialized and developing countries. It seeks the views of members of Congress; representatives of industry, agriculture, and labor; and other interested parties, as well as foreign governments. The Committee itself represents—besides the Office—the Departments of Agriculture, Commerce, Defense, the Interior, Labor, State, and the Treasury.

Broad range of subjects open to discussion

In announcing the hearing, Ambassador William N. Roth—the President's Special Representative—pointed out the importance of U.S. foreign trade policy to all Americans; and Louis C. Krauthoff II, chairman of the Committee, invited views on any matter relating to that policy—or to the trade policies of countries other than the United States.

The Committee has listed eight general topics illustrative of those on which interested parties may wish to submit views:

- *General.* Competitive position of the United States in world trade and the prospects for the future; foreign trade and U.S. foreign investment; foreign trade and U.S. employment.
- *Trade of developed countries.* Significance of post-Kennedy Round tariffs for the trade of the United States and of other major industrialized countries; impact on trade of agricultural policies and programs in the United States and in the other major producing and consuming countries; impact of regional and other preferential trading arrangements; East-West trade.
- *Nontariff barriers to trade.* Quantitative restrictions; licensing; state trading and state monopolies; government procurement policies and practices; variable import levy systems; customs classification and valuation practices; documentation and customs procedures; border tax adjustments; subsidies and countervailing duties; internal restrictions affecting marketing and distribution; restrictive business practices; sanitary, safety, health, and similar restrictions.
- *Future trade negotiations.* Item-by-item, linear, and sector (industry or commodity group) negotiations; tariff harmonization; free trade areas; nontariff barrier negotiations.
- *Trade policies particularly affecting developing countries.* Tariff preferences; commodity arrangements; regional integration; tariff structures and their effect on the exports of the developing countries; relationship between trade policies and economic development.
- *Problems of adjustment.* Impact of imports; disparate labor standards; adjustment assistance; "escape clause" relief.
- *Trade promotion.* Export incentives; export financing; export programs (such as trade fairs and trade missions).
- *Administration of trade policy.* Organization and administration of U.S. trade policy; roles of General Agreement on Tariffs and Trade, Organization for Economic Cooperation and Development, and U.N. Conference on Trade and Development.

How to request an opportunity to testify

The Committee pointed out that for maximum utilization all testimony should be specific and should include relevant statistics and their sources. As far as possible, information on nontariff barriers should refer to specific instances and countries and should give all details, including an assessment of their impact on trade.

Each request to present oral testimony is to be submitted in an original and three copies and include the following information: Name, address, and phone number of the party wishing to testify and of the person submitting the request (with that person's official position); a list of the topics to be covered, with an indication of the party's interest and position; the person or persons to appear; and the amount of time desired.

Any party presenting oral testimony must also submit a written brief, and any interested party may do so. Committee regulations—available on request—provide for exempting confidential material from the public inspection to which all written materials filed with the Committee will be subject.

All communications with regard to the hearing should be addressed to: Chairman, Trade Information Committee, Office of the Special Representative for Trade Negotiations, Room 729, 1800 G. Street, N.W., Washington, D.C. 20506.

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